

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7024**

**BILL NUMBER:** HB 1405

**DATE PREPARED:** Dec 27, 2000

**BILL AMENDED:**

**SUBJECT:** County Police Officer COLAs.

**FISCAL ANALYST:** James Sperlik

**PHONE NUMBER:** 232-9866

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill allows a county to provide cost of living payments to a retired or disabled county police officer who is less than 55 years of age if the county has funds for the additional payments.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The impact of this bill will depend upon the extent that counties will lower the age to which COLAs may apply. As an illustration, the following estimates are for three different counties who currently have COLAs that apply at age 55, and assuming the counties were to choose to apply the COLAs at age 50.

**Delaware County Police Retirement Plan**

This plan provides COLAs beginning at age 55 and ceasing at the Social Security retirement age (ages 65 through 67 depending on date of birth). The fiscal impact if this plan began COLAs at age 50 rather than 55 would be as follows:

|   |          |
|---|----------|
| Increase in Accrued Liabilities           | \$79,793 |
| Increase in Annual Funding                | \$46,862 |
| Increase in Annual Funding (% of payroll) | 4.2%     |

### Lake County Police Retirement Plan

This plan currently allows COLAs beginning at age 55 with the COLAs continuing until the original benefit amount is doubled. The fiscal impact if COLAs began at age 50 rather than age 55 is as follows:

|   |             |
|---|-------------|
| Increase in Accrued Liabilities           | \$4,306,254 |
| Increase in Annual Funding                | \$430,626   |
| Increase in Annual Funding (% of payroll) | 8.2%        |

### LaPorte County Police Retirement Plan

This plan has COLAs that begin at age 55 and continue until the death of the participant. The fiscal impact on this retirement plan if the COLAs began at age 50 rather than 55 is as follows:

|   |           |
|---|-----------|
| Increase in Accrued Liabilities           | \$285,149 |
| Increase in Annual Funding                | \$36,730  |
| Increase in Annual Funding (% of payroll) | 2.4%      |

### **Explanation of Local Revenues:**

#### **State Agencies Affected:**

**Local Agencies Affected:** Counties.

**Information Sources:** Doug Todd of McCready and Keene, Inc., actuaries for many of the county police plans, 576-1508.

### **DEFINITIONS**

Funding-- a systematic program under which assets are set aside in amounts and at times approximately coincident with the accruing of benefit rights under a retirement system.